

DEPARTMENT OF PUBLIC UTILITIES

DEPARTMENT MISSION STATEMENT:

We, the employees of the City of Fresno Department of Public Utilities, deliver high quality utility services professionally and competitively to ensure the health and safety of our community, preservation of the environment and the economic vitality of the City of Fresno.

The Department of Public Utilities (DPU) provides reliable, high quality, low-cost water, wastewater, solid waste, and sanitation services. Our FY 2005 goals are directly linked to the Department's Mission and the Key Result Areas (KRA) identified in the City's 2005 Strategic Vision. Summarized below are Citywide Key Result Areas and Goals in which DPU has a direct role.

Key Result Area: Customer Service

Goal: 90 percent of customers choose our services if given the choice by June 30, 2006.

The Department is conducting a "train the trainer" customer service program beginning in May 2004. The Information Services Department (ISD) and General Services Department (GSD) also have staff attending. All 650 DPU employees will be trained in FY 2005.

Resources: Included in appropriations - \$7,000

Goal: Our fully-burdened pricing is in the lowest quartile of our market sector by June 30, 2006.

DPU maintains competitive utility rates by keeping Fresno's water, sewer, and solid waste rates at least 20 percent below the six cities' average for Bakersfield, Modesto, Merced, Clovis, Selma, and Visalia. Low rates and an emphasis on quality customer service ensure that we provide the highest value to our customers. Resources: Within existing appropriations. Include the adoption and utilization of industry best management practices and performance measurements.

Goal: Annual customer education is implemented by June 30, 2005.

We provide over 300 classes per year in the topic areas of recycling and water conservation to schools throughout the community.

Resources: Grant and Operating \$68,800

We participate in over 100 community outreach events each year to educate the community on the environmental 3 R's of Reduce, Reuse, and Recycle and the Household Hazardous Waste program.

Resources: Grant and Operating \$75,000

We publish 120,000 bi-monthly customer information newsletters to educate the community on all aspects of our water, solid waste, community sanitation, wastewater operations, and sound resource management practices.

Resources: Included in appropriations - \$250,000

Goal: Customer Needs Assessment is conducted bi-annually by June 30, 2005.

The Department will commence a Customer Needs Assessment in FY 2005 to identify all the various needs of our customers for all our services.

Resources: Included in appropriations - \$50,000

Key Result Area: Employee Relations

Goal: 70 percent of the workforce refers the City to friends and family as a rewarding place of employment by June 30, 2007.

In January 2004, a department-wide employee satisfaction survey was completed. Results of the employee satisfaction survey were analyzed and communicated to all employees. Overall, 59 percent of 364 DPU employees who participated in the survey would recommend it as a rewarding place of employment and 70 percent are proud to work in DPU. Strategies to improve performance in identified opportunity areas are being implemented. This survey will be performed on an annual basis.

Resources: Included in appropriations - \$8,000

Goal: 100 percent of the workforce understand their role to improve the City by June 30, 2006.

A comprehensive program was initiated in FY 2004 and will continue in FY 2005 to gauge employee understanding and identify areas for improvement.

Resources: Included in appropriations - \$8,000

Goal: 100 percent of the workforce has the opportunity to meet with their Directors and Assistant Directors in a safe, open setting semi-annually by June 30, 2005.

A program was initiated in FY 2004 and will continue in FY 2005 to satisfy this goal.

Resources: Within existing appropriations

Goal: Employee Needs Assessment is conducted bi-annually by June 30, 2005.

The Department is conducting comprehensive employee needs assessment in FY 2005.

Resources: Included in appropriations - \$10,000

Key Result Area: Investments in our City

Goal: All existing neighborhoods have complete infrastructure by 2010.

Goal: All business park and downtown infrastructure completed by 2009.

Goal: All infrastructure rated as excellent by 2010.

Ground breaking for a construction project to increase treatment capacity and efficiency at the Wastewater Treatment Facility will occur during FY 2005. Construction will take 24 months and will restore the Wastewater Treatment Facility's 80 million gallons per day (MGD) treatment capacity.

Resources: Included in appropriations - \$54.5 million and extensive staff hours in FY 2005

In FY 2005, we will complete 12 projects to rehabilitate deteriorating sewers that serve existing neighborhoods. The projects will ensure integrity of the collection system and are cost-effective alternatives to replacement.

Resources: Included in appropriations - \$6,500,000

DPU will complete a comprehensive Citywide Sewer Collection System Master Plan and update the Water Resource Management Plan in FY 2005. These Plans and associated hydraulic model will identify strategic investments in the water and sewer infrastructure necessary to support the General Plan, Downtown Revitalization, and job growth.

Resources: Included in appropriations - \$540,000

Investments in new wells and water distribution systems will ensure adequate supply of water to all neighborhoods to facilitate the General Plan and job growth.

Resources: Included in appropriations - \$5,000,000

Key Result Area: Public Safety

Goal: Promote and maintain high public health standards.

DPU is responsible for ensuring that the City's potable water supply is safe and meets all Safe Drinking Water Act standards by treating, disinfecting, monitoring, and testing drinking water.

Resources: Included in appropriations - \$3.5 million in annual operations and maintenance for water treatment, monitoring and testing programs in FY 2005

Key Result Area: Economic Development

Goal: The City creates 20,000 net new jobs in keeping with the RJI not later than December 31, 2008.
Fresno has 4,500 acres of industrial park built out or turn key available by December 31, 2008.

DPU maintains competitive utility rates by keeping Fresno's water, sewer, and solid waste rates at least 20 percent below the six cities' average for Bakersfield, Modesto, Merced, Clovis, Selma, and Visalia. Competitive utility rates ensure that the City is more attractive to new and existing businesses and residents.

Resources: Implementation of best management practices and performance measurements

Major capital improvements will occur in the areas of water distribution and treatment, wastewater collection and treatment, solid waste collection and diversion infrastructure to support community development, and economic momentum. Priority is given to business park, industrial area, and General Plan infrastructure investments.

Resources: Included in appropriations - \$98,200,000

Key Result Area: Regional Cooperation

Goal: Fresno is the lead agency in ensuring sound regional management of all natural resources.

DPU develops collaborative regional natural resources programs. We provide regional wastewater treatment services to the great Fresno/Clovis metropolitan area and have solid waste disposal and water banking agreements with the County of Fresno, City of Clovis, Fresno Irrigation District, and Pinedale.

Resources: Within existing appropriations

Key Result Area: Environmental Stewardship

Goal: Attain full Federal air quality compliance by 2012.

The Department will purchase additional Clean-Air refuse collection vehicles and retrofit other heavy equipment with particulate filters. By the end of FY 2005, the Fresno Solid Waste fleet will reflect 40 percent Clean-Air vehicles, representing one of the largest solid waste Clean-Air vehicle fleets in the Valley. Resources: Included in appropriations - \$5.0 million in capital, Fleet Management fund and lease purchase payments commencing in FY 2006 (New and replacement vehicles).

Goal: Secure reliable water supply for build out of 2025 General Plan by 2010.

Goal: Secure and preserve significant natural, historical, and cultural assets by 2010.

It is critical that the City maintains a balanced groundwater supply by increasing the acre feet recharged from 60,000 to 80,000 acre feet by 2010. Millerton Lake water is used to balance groundwater usage and to supply the Surface Water Treatment Plant (SWTP). Our current contract with the US Bureau of Reclamation expires in 2006, and it is necessary to complete contract negotiations in 2005. The new 40 year contract has a specific requirement to complete the installation of residential meters by 2013.

Resources: Staff time and an additional annual water supply appropriation increase of \$3-4 million

The Department will engage a consultant to develop and commence the implementation of a water metering retro-fit program as required by the Bureau of Reclamation and SB 514. The program will include a rate analysis for metered water rates as well as plans and specifications to commence a water meter installation program to be completed by January 1, 2013. In FY 2008, the water metering retro-fit program will begin. Resources: Included in appropriations - \$210,000

During storm events the City of Fresno is entitled to the use of intermittent surface water that drains from several local small tributaries. We are currently negotiating a cooperative agreement with the Fresno Irrigation District to access this entitlement. We will complete the Intermittent Stream Group water rights application in FY 2005.

Resources: Within existing appropriations

Goal: Renewable sources comprise 20 percent of energy portfolio by 2015.

DPU will take the lead in assessing Community Choice Aggregation and public power alternatives in FY 2005. We will also assess the fiscal and environmental viability of waste to energy and bio-mass projects adopted for public/private partnerships at the Fresno Wastewater Treatment Facility.

Resources: Within existing appropriations

The Department will commence full operation of a \$13 million, eight megawatt methane co-generation turbine. The energy will all be used at the treatment plant in lieu of PG&E and is anticipated to reduce total energy expenses for Wastewater Management by about \$1.2 million annually.

Resource: Included in appropriations - \$3.0 million

Goal: Divert a minimum of 50 percent of solid waste by December 2005.

The Department will increase and expand the amount and type of materials diverted from the landfill during FY 2005 from 121,000 tons to 135,700 tons. This will be accomplished through public outreach, education programs, and diversion of recycled materials delivered to the Transfer Station.

Resources: Grant and Operating \$75,000

The Department will be converting 2,600 customers to a three cart collection system housed within alleys. The three cart system will make diversion of greenwaste and recyclables simpler for these customers, which will have a positive effect on the current diversion programs.

Resources: Included in appropriations - \$351,000

The Department will audit the Waste Origin Report generated by the County to verify the quantities of waste buried at the landfill and assigned to the City. The purpose of the audit is to ensure that only the waste coming directly from within the City limits is assigned to the City. This information has a direct correlation to the factors used to determine the City's diversion percentage.

Resources: Included in appropriations - \$1,500

The Department will be monitoring the level of diversion reported by the Transfer Station in accordance with the agreement.

Resources: Within existing appropriations

The Department has drafted a Construction and Demolition Ordinance to be adopted by the City Council by FY 2005 to ensure participation by developers and contractors in diverting construction material from the landfill.

Resources: Within existing appropriations

The Solid Waste Division has developed educational and informational material to distribute at community outreach events to non-City customers to promote awareness of recycling opportunities within the City.

Resources: Within existing appropriations, grant funds

The Department has selected an outside consultant to complete a Composting Feasibility Study in FY 2005. The study will determine the financial viability of a City owned and operated Composting Facility.

Resources: Included in appropriations - \$400,000

Key Result Area: General Plan

Goal: Complete Downtown Revitalization by 2010.

DPU will make strategic investments in utility infrastructure over multiple years.

Resources: Included in appropriations - \$6,000,000

Goal: Open Southeast Growth Area by 2007.

We will complete the Wastewater Master Facility Plan and Metropolitan Water Resources Management Plan in FY 2005.

Resources: Included in appropriations - \$250,000

The Department will focus efforts to plan, design, and construct major capital improvements for water and wastewater conveyance as well as treatment infrastructure that will be required to support the current and projected growth in the area. Issuance of a capital improvement bond in FY 2006 is adopted for funding.

Resources: Included in appropriations - \$2.9 million for Water Capital

The Department will collaborate with other Departments to update UGM fees for the southeast area of the community in order to execute timely construction of the planned infrastructure to support growth.

Resources: Within existing appropriations

Goal: Major infrastructure elements of the General Plan achieved by 2010.

Major capital improvements will occur in the areas of water distribution and treatment, wastewater collection and treatment, as well as solid waste collection and diversion infrastructure to support increases in housing and other forms of development and to sustain economic momentum. Priority is given to business park, industrial area, and General Plan infrastructure investments.

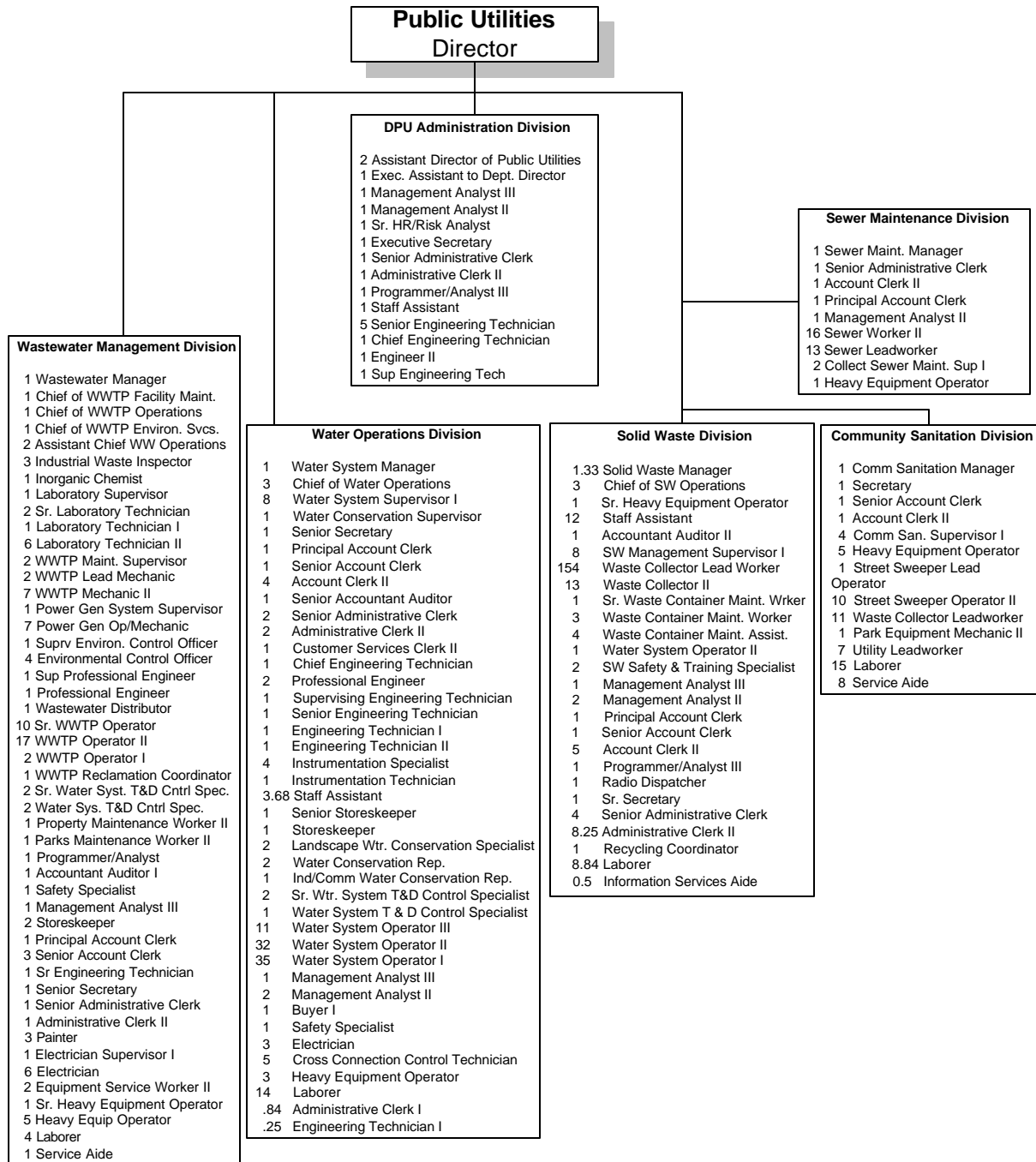
Resources: Included in appropriations - \$98,200,000

DPU will expand water treatment capacity from 20 MGD to 30 MGD by 2006.

Resources: Within existing appropriations



ORGANIZATION CHART FY 2005



621.00 Permanent Full-Time Equivalent Positions
22.69 Temporary Full-Time Equivalent Positions
643.69 Authorized Positions

AUTHORIZED POSITIONS SUMMARY

DIVISION	FY 2003	FY 2004	FY 2005
Administration Division	18.00	18.00	20.00
Water Operations Division	160.75	159.00	160.77
Solid Waste Division	219.90	221.50	239.92
Sewer Maintenance Division	41.00	37.00	37.00
Wastewater Treatment Division	114.00	116.00	120.00
Community Sanitation Division	76.00	66.00	66.00
TOTAL	629.65	617.50	643.69

DEPARTMENT FUNDING BY SOURCE

Operating and Debt Service Funding by Sources	FY 2002 Actuals	FY 2003 Actuals	FY 2004 Amended	FY 2005 Adopted
Public Administration ISF Fund \$	1,715,700 \$	1,509,700 \$	1,691,900 \$	1,799,600
Water Enterprise Fund	36,430,400	35,416,100	37,097,100	36,674,200
Solid Waste Enterprise Fund	36,023,200	37,535,100	41,272,500	44,921,000
Wastewater Enterprise Fund	43,347,200	48,429,300	47,601,900	48,892,500
Community Sanitation Fund	5,408,600	5,956,400	6,449,600	6,489,500
TOTAL \$	122,925,100 \$	128,846,600 \$	134,113,000 \$	138,776,800

DEPARTMENT SUMMARY APPROPRIATIONS

Operating Expenditures	FY 2002 Actuals	FY 2003 Actuals	FY 2004 Amended	FY 2005 Adopted
Public Administration ISF Fund \$	1,715,700 \$	1,509,700 \$	1,691,900 \$	1,799,600
Water Enterprise Fund	32,461,500	31,313,700	32,357,800	32,005,900
Solid Waste Enterprise Fund	34,169,700	35,680,500	39,412,500	43,063,000
Sewer Maintenance Division	4,579,300	4,739,500	5,455,200	5,590,800
Wastewater Enterprise Fund	20,944,800	22,568,700	23,810,200	24,998,200
Community Sanitation Fund	5,408,600	5,956,400	6,449,600	6,489,500
TOTAL \$	99,279,600 \$	101,768,500 \$	109,177,200 \$	113,947,000

Debt Service

Water Enterprise Fund \$	3,968,900 \$	4,102,400 \$	4,739,300 \$	4,668,300
Solid Waste Enterprise Fund	1,853,500	1,854,600	1,860,000	1,858,000
Wastewater Enterprise Fund	17,823,100	21,121,100	18,336,500	18,303,500
TOTAL \$	23,645,500 \$	27,078,100 \$	24,935,800 \$	24,829,800

Operating and Debt
Service

Total Expenditures	\$ 122,925,100 \$	\$ 128,846,600 \$	\$ 134,113,000 \$	\$ 138,776,800
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Note: Capital projects funded with Operating Resources are reported in the Department Capital section.

BUDGET COMMENTS

Interdepartmental Charges: The Department's adopted budget for FY 2005 fully funds increases in interdepartmental (ID) charges and workers' compensation insurance.

The Surface Water Treatment Plant: The plant is scheduled to be on line June 2004. This will require a full year of funding for plant operations and maintenance, which is \$2.5 million for FY 2005. The FY 2004 budget was \$835,400. This includes full year funding for the five positions added in FY 2004, chemicals, power to run the facility, Enterprise Canal maintenance, and other items.

Southeast Fresno Capital Improvement Projects Bond Fund: Groundwater supplies in Southeast Fresno have historically been threatened and over the last five years have become increasingly more susceptible to contamination. This factor, along with renewed interest in the area by developers, has strained water supplies. To meet anticipated demand, several projects have been adopted including construction of two new wells. The funding for these projects will be from bonds which are scheduled for issue in FY 2006.

Water Main Renewals: \$1.4 million is allocated for three areas—Maple/Sierra Vista, San Pablo/Glenn and Townsend between Fowler/Burgan. This replacement of aging infrastructure will improve fire protection and water service to these areas along with reducing overtime costs for repairing main failures.

Polybutylene Service Replacement Program: Continued capital funding is included for replacement through contract (\$1.2 million) and emergency replacements by in-house staff. Legal services for litigation have been deleted from the budget. The replacement of these services is expected to be completed in FY 2006.

Operation Clean Air: In FY 2004, Fleet Management Services received the first of 12 new Liquid Natural Gas (LNG) Solid Waste trucks for field use. LNG trucks are noted for their cleaner burning engine and reduction of particular matter in the air. They will be used to replace trucks that should be retired from the fleet.

The Organic Capacity Upgrade: This project will begin in FY 2005. In the past year the Wastewater Reclamation Facility has experienced a sharp increase in the loadings entering the facility. The primary causes for this increase are industrial growth and changes to industrial processes related to changed regulatory requirements. As a result, the facility has reached or exceeded the design treatment capacity for loadings. This increase in loading has also resulted in the facility exceeding discharge limitations for several months. Additional treatment units must be constructed to treat the increased loadings. The design is 50 percent completed and it is anticipated that the upgrade will be bid out in September 2004. Wastewater reserves are funding this project at a cost of \$54,500,000.

ACCOMPLISHMENTS:**Administration Division**

- Implemented a comprehensive strategic planning process to improve the effectiveness, efficiency, and responsiveness of our operations unifying the organization with a shared vision, values, and strategically focused culture.
- Continued implementing a customer centered program to include customer service training for all employees and the use of extensive customer surveys for both external and internal customers to determine their needs and service satisfaction levels.
- Supported the operating divisions on the following key FY 2004 projects:
 - ▶ Construction of Surface Water Treatment Plant (SWTP)
 - ▶ Expansion of the Wastewater Treatment Facility capacity
 - ▶ Fresno's first comprehensive master sewer plan
 - ▶ Securing a contract for the City's first Solid Waste Transfer Station
 - ▶ Request for Proposal (RFP) for Commercial Franchise

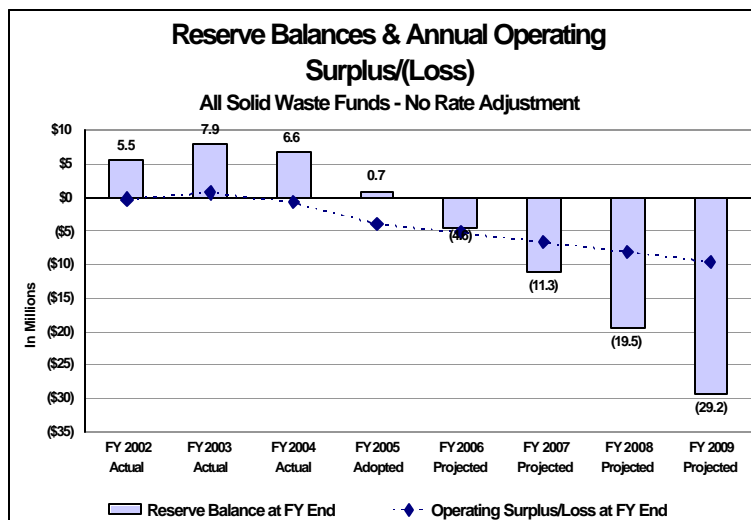
- ▶ Acquisition and rollout of the clean air collection vehicles in the Solid Waste and Community Sanitation Divisions
- ▶ Protection of the City's valuable natural resources, particularly groundwater quality

Sewer Maintenance Division

- Began implementation of the following programs, critical to achieving an effective and well-documented enhanced workflow management plan as required by the upcoming Environmental Protection Agency (EPA) program entitled Capacity, Management, Operations, and Maintenance (CMOM). The program requires a comprehensive method of collecting information, monitoring performance, making good management decisions, and reporting the results to demonstrate that we are "good stewards" of the funds paid by the customers of the City of Fresno.
- ▶ Begun initial implementation phase of Hansen Infrastructure Management System. The program is critical to achieving a well-documented preventative maintenance plan.
- ▶ Completed contract documents for GIS implementation in FY 2005. Implementation of a GIS consists of hardware/software for remote monitoring of equipment (trucks) with electronic sending units, capable of providing information on key indicators of productivity, customer service efficiency, and safety.
- Implemented Manhole Raising and Emergency Repair program. Provided manhole raising (adjustments to grade) and minor capital repairs to sewer mainlines.
- Rehabilitated existing Video Inspection Van with current closed circuit television (CCTV) hardware and software. The Video Inspection Van is now capable of increased footage, primarily due to upgraded technology. The division can record audio/video output directly to a DVD or VCR medium. In addition, the Division has the capability to utilize the inclinometer to verify grade changes in an existing sewer mainline. The equipment requires assignment of experienced personnel.
- Expanded the Root and Grease programs to further reduce the number of sewer mainline blockages. The division accomplished this by proactive use of the Mechanical Rodder, root control chemicals, and through enforcement (referral of violations to the effluent requirements to Environmental Control Services section of Wastewater Management Division).
- Rehabilitated structurally insufficient sewer trunklines. The Division continued a critical capital improvement program to rehabilitate structurally insufficient concrete sewer mainlines over the next five years. Rehabilitation or "trenchless technology" is 30-40 percent less expensive than the traditional "remove and replace" method.

Solid Waste Management Division

- Expanded the City's recycling program to comply with State mandates. The Division is currently collecting 750 tons of recyclables and 1,500 tons of greenwaste each week.
- The Division contracted with a local transfer station facility, thereby reducing route travel time and fleet expense, while improving route collection time and resource efficiencies.



- Began the conversion of replacement equipment to Liquid Natural Gas (LNG) fueled collection trucks, as an element of Operation Clean Air.
- Implemented HTE service linkage information with GIS and routing software to refine the division's collection routing process. The routing process will be further enhanced with the installation of GPS hardware/software in the Division's fleet. Routes will be reviewed on an ongoing basis and modified to ensure maximum efficiency.
- Ongoing redesign of the residential three-cart collection system quadrants addressing growth with current staffing and equipment.
- Reallocation and balancing of commercial collection resources to more effectively address "growth" tonnages and the addition of commercial recycling service days and routes.
- Continued the expansion of the Commercial/Industrial Recycling Marketing Program resulting in the development of a third commercial recycling collection route, and diversion of an estimated 4,400 tons of material.
- The implementation of the Division's Safety Jackpot Program (Spring 2003) has significantly reduced accidents (to less than one per 100,000 miles driven) and loss time from injuries (from 4.0 percent in FY 2003 to 2.3 percent in FY 2004), through weekly, monthly and quarterly employee recognition. The Division plans to continue this program, with an overall reduction in cost per ton and increased employee and customer satisfaction.
- In Spring 2003, DPU began developing a strategic plan to guide the divisions and improve long-term performance. In January 2004, the Division first defined its mission, vision, and goals. Strategic planning teams were then implemented to identify strategies, tactics, and programs that will help us achieve the Division's vision. To further enhance this process, all Division employees will be given the opportunity to participate in the Citywide Pacific Institute Training to facilitate performance excellence and personal growth.

Wastewater Management Division

- Ninth straight year without an increase in rates, despite significant increases in biosolids disposal and other Operations and Maintenance costs.
- Completed Wastewater Master Plan Update to identify wastewater treatment capacity and infrastructure required to meet the needs of the adopted 2025 General Plan.
- Initiated the design of the Organic treatment upgrade of the Fresno/Clovis Regional Wastewater Reclamation Facility necessary to meet the significant increase in loadings.
- Staffing level remains 20 percent below the level of 1996 (from 151.0 FTE in FY 1996 to 120.0 FTE in FY 2005) while maintaining the same service levels.

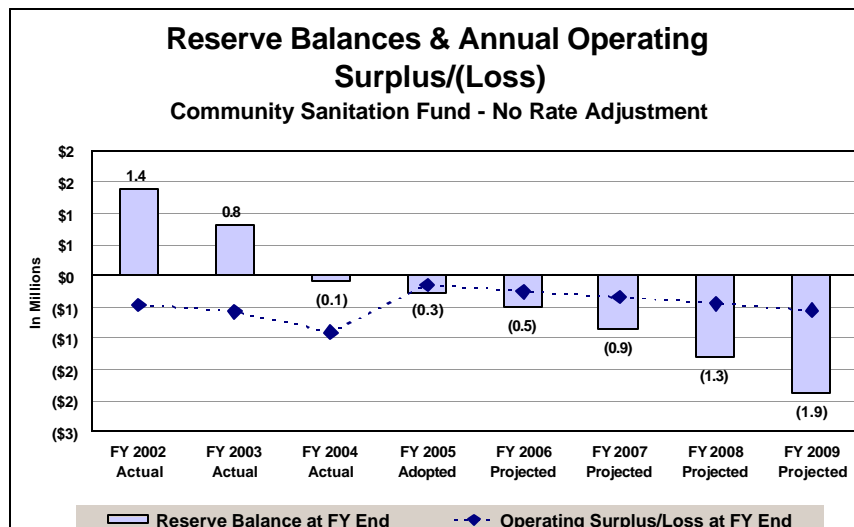
Water Division

- Continued to provide safe and reliable drinking water at some of the lowest rates in the State while expanding our customer base.
- Constructed a new 30 million gallon per day (MGD) Surface Water Treatment Plant.
- Conducted an aggressive ground water management program.
- Settled litigation with various pipe fitting and polybutylene pipe manufacturers that sold faulty products that were installed in the City in the 1980s.

- Improved the operation efficiency and reliability by completing \$7.5 million in capital improvements, rehabilitation of nine wells, reducing overtime, completing the replacement of 30 aged large meters, and achieving a new ground water recharge record.

Community Sanitation Division

- Swept 94,378 miles of the City's residential and major streets.
- Removed litter from 165 miles of local freeways.
- The Division used 11,160 hours of community service workers from the State Work Assistance Program in manual collection of litter and trash along the City's busiest thoroughfares.



- Provide litter control and street sweeping services to eight downtown events and parades (e.g. Taco Festival, Veteran's Day Parade, Cinco de Mayo), as well as the Big Fresno Fair.
- Continued the alleyway cleaning program by cleaning debris from 130 miles of alleyways.
- The Operation Clean-up Program continued by assisting 97,175 households in disposing of over 15,784 tons of trash and 10,402 tons of recycled greenwaste.
- Recycled 2,864 refrigerators and 3,453 televisions.

ISSUES:

Water Division

- Fee adjustments.** The Division will revise several connection fees to reflect current practices and cost increases in labor, equipment, and supplies. These fees have not been adjusted since 1994.
- Central Valley Project (CVP) Water Service.** The FY 2005 budget does not include the assumption of contract renewal with the United States Bureau of Reclamation (USBR). Funds are budgeted at \$2.0 million for current obligations to the USBR. Additional appropriations estimated at \$3.6 million for full cost of service rates from the USBR and the Friant Water Users Authority (FWUA) conveyance and pumping costs along with an associated rate increase will be requested when the City of Fresno renews the contract. Contract negotiation is still ongoing and it is projected that renewal will occur in the Spring 2005. Failure to renew the CVP contract would eliminate the Class 1 water entitlement of 60,000 acre feet which would adversely impact the community's supply of precious water resources and the operation of the SWTP.

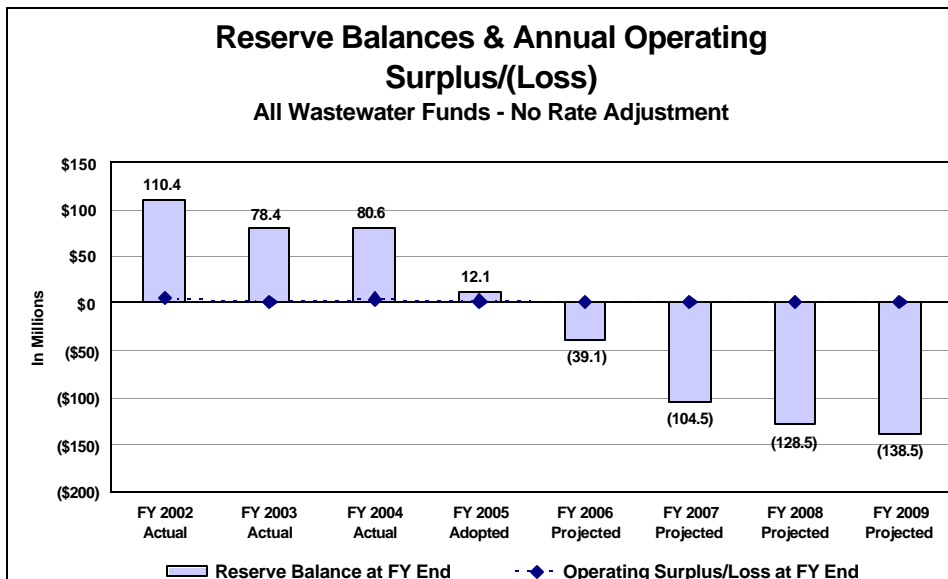
Solid Waste Division

- Fee Adjustments.** The Division is will adjust several fees FY 2005, the fees incorporate the transfer station tip fees into the City's rate structure and reflect the charges in the RFP.

- **Solid Waste Fund Balance.** No utility rate increase is adopted for the coming year. The enterprise fund is currently scheduled to end FY 2005 in balance. In addition, FY's 2004 and 2005, coverage tests will be met by substantial amounts; however it should be noted that in coming years the coverage tests as well as operational imperatives will require an adjustment of the rate.

Wastewater Management Division

- **No Rate Increase.** No utility rate increase is adopted for FY 2005. The fund is currently scheduled to be balanced at the end of FY 2005. A transfer of \$15.8 million from the Rate Stabilization Fund will be necessary next year to fund capital needs. The Division indicates that in FY 2006, additional bond funding will be necessary to increase plant treatment and collection capacity. These needs are driven by the increasing community growth and economic development. At that time, the rate will have to be reviewed and adjustments made to cover the additional debt service.



Community Sanitation Division

- **Fleet Acquisitions.** The Division has adopted acquisition of a roll-off truck and a street sweeper. The Division will purchase this equipment through a lease/purchase mechanism. The total cost is \$340,000, however due to the timing of the acquisition there will be no lease payment for FY 2005.
- **Fund Status.** The Community Sanitation Fund (CSF) is used by the Community Sanitation Division (CSD) and by several other departments to fund various activities. The chart below details the uses of this fund:

Expenditures	FY 2003 Actual	FY 2004 Amended	FY 2005 Adopted	% Change Amd to Adopt
Community Sanitation	\$ 5,956,400	\$ 6,449,600	\$ 6,489,500	0.62%
Street Maintenance	434,300	466,200	405,200	(13.08)%
Code Enforcement	2,358,200	2,150,500	1,536,300	(28.56)%
Parks	1,319,800	1,229,600	1,193,300	(2.95)%
Totals	\$ 10,068,700	\$ 10,295,900	\$ 9,624,300	(6.52)%

This fund continues to be challenged by several factors, 1) no rate increase since 1996; 2) changing priorities in duties and 3) the need to determine what activities should or should not be funded by this funding source and the citywide consequences of that determination.

SERVICE IMPACTS:**Administration Division**

- **Positions:** The Utility Planning and Engineering Section will add two positions, one Supervising Engineering Technician and one Senior Engineering Technician. These positions will work in the development entitlement application review process, plan reviews, and prepare department conditions of approval for subdivision map activity within DPU. The Senior position is necessary to accommodate the increased demand and statutory requirements for timing and processing of development applications. The Senior Engineering Technician will be fully reimbursed by the Planning and Development Enterprise Fund.
Cost: \$53,700
- **GIS Upgrade:** The Department will add additional equipment to upgrade and augment their utility facility infrastructure information in the Geographic Information System (GIS). The equipment includes storage space for existing data servers, a tape backup system, and upgrades of software.
Cost: \$19,100
- **Training:** The Division has monies in FY 2005 for the development of staff skills in order to keep them updated on industry knowledge and to keep them current on State and Federal regulations for Solid Waste, Wastewater, and Water issues. This also includes monies for Pacific Institute Training.
Cost: \$22,900

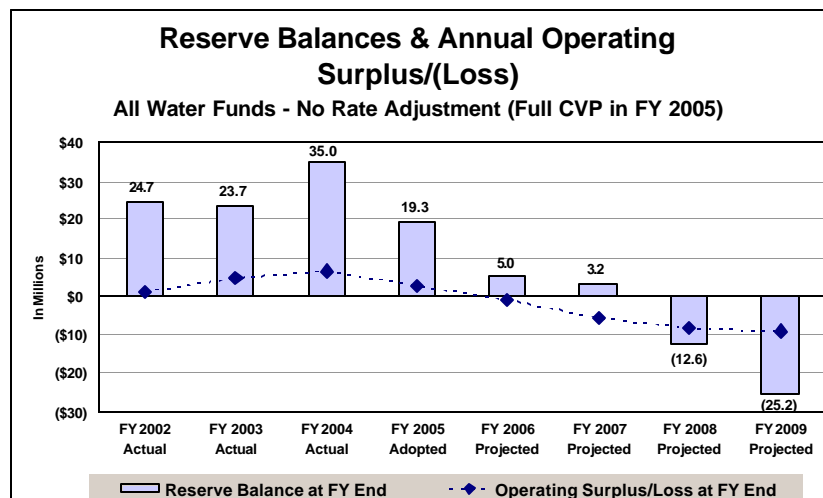
Water Division

- **Positions:** The Water Division, Technical Services section will add two positions, that of Professional Engineer and an Engineering Technician. The Administration Section will convert one position to the Buyer job class.

The Professional Engineer will improve the design and construction turnaround time for Water capital improvement projects. The Engineering Technician will provide assistance in the areas of data management and analysis, specification development, among other duties for water capital. The Technician support was previously provided by temporary (wages) FTEs. The conversion of a Laborer position to a Buyer is necessary to insure that procurement for capital projects is done in a timely and efficient fashion. The Buyer will work under the direction of the Purchasing Manager and be dedicated to the purchasing priorities of the Division, primarily in the area of writing bid specifications. Currently, over ten people at Water are responsible for this task, this position will centralize this function and provide one point of contact for the Purchasing Division.

Cost: \$100,800

- **Power Cost Decreases:** The Public Utility Commission met on February 26, 2004 and approved PG&E rate reduction plan. This means that the City as a whole and the Water Division especially will be seeing lower electricity rates, beginning March 2004. The reductions are retroactive to January 2004 and it is anticipated that the Water Division will experience significant savings from this decision.
Savings: \$598,700



- **Loan to Public Works:** The Capital Management Division (CMD) of Public Works has been headquartered at the Water Yard for many years and over the last few years both divisions have experienced a need for additional space. For FY 2005, an agreement has been reached for the Water Division to assist the CMD in moving to a new location. The loan will be repaid by the CMD (General Fund) over the next three years with interest.
Cost: \$300,000

Solid Waste Division

- **Positions:** The Division will add 18 new positions. Of the adopted, 16 positions are Waste Collector Leadworkers, five in residential and 11 in commercial. Since FY 2002, residential customer growth has increased by 4,000 homes. The residential collection operation was able to absorb this growth in the last two years with the addition of just two new routes for refuse collection through the use of: 1) Local recycling and green waste facilities; 2) Rerouting to accommodate customer set-out rates; 3) Recent transition to the local refuse transfer station.

With the surge in development taking place throughout the City, growth within the service areas is expected to continue. For example, the Copper River, Running Horse, and the Fancher Creek Community will add more than 2,050 homes to the customer base. The average collection route services approximately 1,200 - 1,400 homes depending on type of service (trash, recycling, green waste).

Commercial tonnage growth is projected to increase by more than 20,800 tons (12.5 percent) over FY 2003 to total 187,400 tons. This growth is due to several factors including:

- ▶ State mandated AB939 recycling diversion programs
- ▶ Commercial recycling marketing program
- ▶ New retail, food, and office/professional locations throughout the City
- ▶ Frequency reduction of Community Sanitation's Operation Clean-up program
- ▶ Increased customer requests for large bin, on-call, and special empty services

In October 2002, the Division redesigned 28 commercial routes reducing them to 24 routes by maximizing existing manpower and equipment. Since FY 2003, the Division has absorbed tonnage growth by re-balancing and condensing route service areas; the use of local recycling and transfer station facilities; upgrading of trucks to four-axle; and implementing of three new recycling routes.

These positions will come on at various times during the year. In addition, the Division indicates that if a commercial franchise agreement is reached, the adopted commercial positions will not be filled.

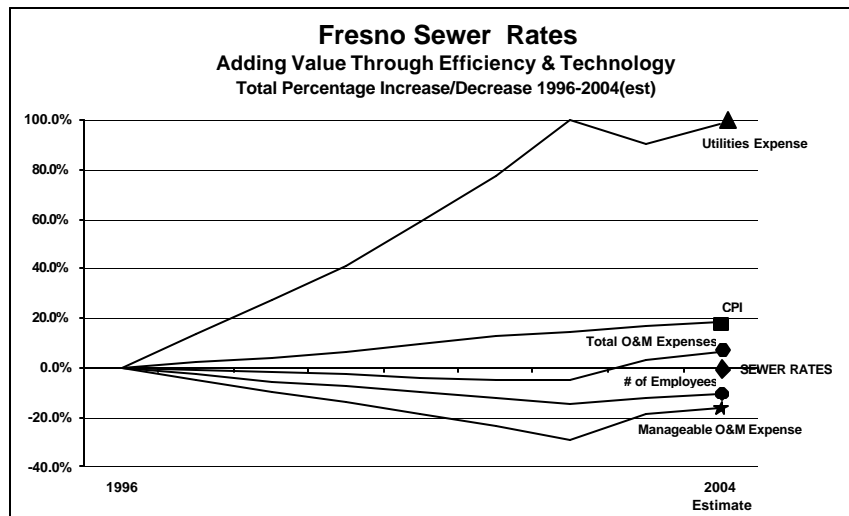
Cost: \$374,000

- **Tipping Fees:** The amount budgeted for tipping fees has increased over FY 2004. The primary reasons for this increase include: 1) increased tonnage due to the increased demand for service and additional routes servicing new customer growth; and 2) the increase in cost per ton with the use of the local transfer station. Previously, the total cost for hauling waste was in reality a combination of the actual tip fee (\$28.80/ton) plus the cost of labor and mileage for a total \$39.54/ton. In FY 2005, with the transfer station now in operation, the flat rate is now \$35.00/ton. As anticipated, the increase in this account is partially offset by a substantial decrease in fleet costs.
Cost: \$3,351,900

Wastewater Management Division

- **Positions:** The Division will add four permanent positions and 1.80 FTE of temporary wages. The two Wastewater Treatment Operators are necessary to maintain operations in the face of increased industrial, commercial, and residential growth and loadings. The Electrician will assist in the new power generation facility that will come on line in FY 2005 as well as the facility upgrade scheduled for next year. The specialized knowledge necessary to maintain the complex electrical systems at the facility make it preferable that in-house positions be used as opposed to contracted labor.
Cost: \$195,600

- Specialized Services:** An increase will deal with the escalating cost of biosolids disposal; Central Valley counties have adopted ordinances restricting or banning the application of biosolids resulting in fewer disposal options. The cost of disposal has increased 45 percent since FY 2002, and an additional 10 percent increase is expected in FY 2005. At the same time, biosolid production is anticipated to increase 16.9 percent in the next fiscal year. Cost: \$638,500



Community Sanitation Division

- Landfill Tipping Fees:** Among other things, the Division removes recyclable green waste material from customer residences. Historically, the fees for disposing of this waste were captured in the Specialized Services account. In FY 2005, this expense has been properly allocated to the Landfill Tipping Fees account. In addition, an increase has been adopted due to an increase in the disposal cost per ton (\$18/ton to \$25/ton). Cost: \$56,000

